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17555 PEAK AVENUE   MORGAN HILL   CALIFORNIA 95037

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**MORGAN HILL**

**FINANCE AND AUDIT COMMITTEE**

Morgan Hill Civic Center  
West Conference Room  
17555 Peak Avenue  
Morgan Hill, California

Chair  
Committee Member  
Committee Member  
Staff:   Finance Director

Mike Roorda  
Dennis Kennedy  
Hedy Chang  
Jack Dilles

**REGULAR MEETING**

**Wednesday, November 20, 2003**

**MINUTES**

**6:05 P.M.**

**CALL TO ORDER**

Chair Roorda and Committee Member Chang (Committee Member Kennedy absent);  
*Staff:* Dilles

**DECLARATION OF POSTING OF AGENDA**

In compliance with Government Code 54954.2

**PUBLIC COMMENTS**

The Morgan Hill Finance and Audit Committee welcomes comments from all individuals on any agenda item being considered by the Committee. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the Committee are limited to Three Minutes.

## BUSINESS:

### 1. **Approval of minutes for July 14, 2003**

*The minutes for October 22, 2003, were approved.*

### 2. **Cash Flow and Budget Projections**

*Staff distributed an updated "General Fund Balance Projections" schedule for the period July 1, 2001 through June 30, 2008, reflecting a projected fund balance for the General Fund of approximately of \$160,000 if the City maintained the status quo, with numerous assumptions. Staff explained that the schedule represented a projection, not a plan and did not include drastic reductions in the City's vehicle motor vehicle in-lieu fees from potential actions by the State. Staff, at the direction of the City Council, will be presenting a plan to deal with General Fund fiscal demands in January. Chair Roorda and Committee Member Chang indicated that it is important to tie benefit or service levels to cost projections with a goal of reducing service levels less than the dollar amounts that may be cut from future budgets. Committee members asked staff to return with 3 sets of projections: one that, with a constantly increasing percentage overall cut in costs for years 2004/05 through 2007/08, brings costs into alignment with revenues, one that does the same over a period that includes one additional year, and one that does the same over 2 additional years (through 2009/10). Staff responded that these projections would be prepared and distributed.*

### 3. **Potential Revenue Increases and Timing (Discussion)**

*Committee members indicated that, while revenue expansions may be necessary to solve the General Fund problems, at this point the Committee would like to focus on expenditure reductions and maximizing service levels. Staff indicated that there will be a City Council workshop on service level standards on December 10.*

### 4. **Financial and Investment Report for November 2003**

*A brief discussion occurred.*

### 5. **Future Agenda Items (Discussion)**

*Chair Roorda asked that the Committee discuss posting the Treasurer's quarterly report on the City's Web page and also discuss an annual review of water rates along with reviewing an extra year of projections beyond the June 30, 2007, horizon previously presented by staff and the City's consultant.*

**ADJOURNMENT: 7:52P.M.**

**NOTICE**  
**AMERICANS WITH DISABILITY ACT (ADA)**

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City.

If assistance is needed regarding any item appearing on the City Council agenda, please contact the Office of the City Clerk at 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.